

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT ) CASE NO. 2010-00462  
FILING OF VALLEY GAS, INC. )

O R D E R

On March 29, 2006, in Case No. 2006-00012,<sup>1</sup> the Commission approved rates for Valley Gas, Inc. ("Valley Gas") and provided for their further adjustment on a quarterly basis in accordance with Valley Gas's Cost Recovery ("GCR") clause.

On December 1, 2010, Valley Gas filed its GCR to be effective January 1, 2011. Valley Gas filed supplemental information on December 8, 2010.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Valley Gas's notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.
2. Valley Gas's proposed Expected Gas Cost ("EGC") is \$6.2663 per Mcf. The supplemental supplier cost information filed by Valley Gas was sufficient to show that the EGC should be \$5.6020 per Mcf, which is a decrease of \$.3441 per Mcf from its previous EGC of \$5.9461.
3. Valley Gas's notice sets out no current quarter refund adjustment.

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<sup>1</sup> Case No. 2006-00012, Application of Valley Gas, Inc. for an Adjustment of Rates Pursuant to the Alternative Rate Filing Procedure for Small Utilities (Ky. PSC Mar. 29, 2006).

4. Valley Gas's notice sets out a current quarter Actual Adjustment ("AA") of (\$.2624) per Mcf. This AA should be adjusted to reflect amounts returned to and collected from customers through the operation of two previous AAs that failed to expire from Valley Gas's rates due to its failure to file GCR applications since June 1, 2006. Adjusting for this net under-recovery produces a current AA of (\$.2378) per Mcf. Valley Gas's total AA is (\$1.7911) per Mcf, which is \$.2378 per Mcf less than its previous total AA of (\$1.5533) per Mcf.

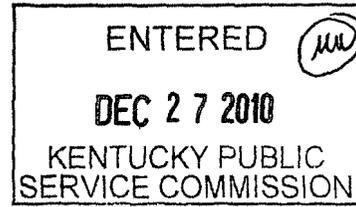
6. Valley Gas's GCR is \$3.8109 per Mcf, which is \$.5819 per Mcf less than the previous rate of \$4.3928.

7. The rates in the Appendix to this Order are fair, just, and reasonable, and should be effective for billing for service rendered by Valley Gas on and after January 1, 2011.

IT IS THEREFORE ORDERED that:

1. Valley Gas's proposed rates are denied.
2. The rates in the Appendix attached hereto and incorporated herein are approved for billing for service rendered on and after January 1, 2011.
3. Within 20 days of the date of this Order, Valley Gas shall file its revised tariffs with this Commission setting out the rates approved herein and reflecting that they were approved pursuant to this Order.

By the Commission



ATTEST:

*Jeff Draven by Stephanie Bell*  
Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2010-00462 DATED DEC 27 2010

The following rates and charges are prescribed for the customers served by Valley Gas, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

RATES:

	<u>Base Rate</u>	<u>Gas Cost Adjustment</u>	<u>Total</u>
All Mcf	\$2.3819	\$3.8109	\$6.1928

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